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THE NATURE OF A PATENT RIGHT.

Few problems have given rise to more confusing diversity of judicial opinion than has the interpretation of the federal statute granting to inventors "the exclusive right to make, use and vend the invention".¹ Among the various questions that have arisen under the statute the most important has been the issue whether a patent gives the patentee the right to dictate what articles may or may not be used with a machine covered by his patent. The question did not reach the Supreme Court until 1911. In *Henry v. A. B. Dick Co.*,² the right claimed by the patentee was sustained. In *Motion Picture Patents Co. v. Universal Film Mfg. Co.*,³ decided April 9, 1917, the same right was denied and the Dick case was explicitly overruled.

I.

The facts in the Picture Patents case were as follows. The patentee had sold a patented mechanism for feeding films through motion-picture machines. Attached to the machine was a plate stating that "the sale and purchase of this machine gives only the right to use it solely with moving pictures" [films] in which the patentee has an interest. The transferee of the mechanism with the plate attached bought films from the defendant. The plaintiff notified both the exhibitor (the purchaser of the patented mechanism) and the defendant that the use of the defendant's films in connection with the patented mechanism was an infringement of the patent of the machine. He now brings a bill to enjoin the defendant from selling films to the exhibitor. The basis of his claim is (1) that the use of other films than those in which the patentee has an interest is an infringement of the patent of the mechanism for feeding the films, and (2) that the defendant in furnishing films to the exhibitor with knowledge that they are to be fed through the patented mechanism is guilty of contributory infringement of the patent on the mechanism.

The opinion of the Court by Mr. Justice Clarke says that the patent law simply protects the patentee "in the monopoly of that which he has invented and has described in the claims of his patent."⁴ The patent "is not concerned with and has nothing to

¹U. S. Rev. Stat. § 4884, 8 U. S. Comp. Stat. (1916) § 9428.

²(1912) 224 U. S. 1, 32 Sup. Ct. 364.

³(1917) 243 U. S. 502, 37 Sup. Ct. 416.

⁴243 U. S., at p. 510.

do with the materials with which or on which the machine operates."⁵ Any right of the patentee to control by restriction the materials to be used in operating the machine "must be derived through the general law from the ownership of the property in the machine".⁶ The issue in the case is said to relate, not to "the exclusive right to use the machine", which is the right given by the patent, but to "the right to use it exclusively with prescribed materials", about which the patent says nothing.⁷ The restrictions of the patent law "have nothing to do with the materials used in the operation of the machine".⁸

The opinion deals only indirectly with the intricacies by which the opposing contention is sought to be supported. By way of dismissal rather than of refutation it says that the meaning of the statute "is so plain that to argue it would obscure it".⁹ It is all too true that the argument on behalf of the patentee's contention has been obscure. But in *Henry v. A. B. Dick Co.*, the argument was sufficient to convince a majority of the justices sitting in the case¹⁰ of the validity of the contention which a majority of the

⁵243 U. S., at p. 512.

⁶243 U. S., at p. 513.

⁷243 U. S., at p. 512.

⁸243 U. S., at p. 512.

⁹243 U. S., at p. 513.

¹⁰Only seven judges participated in the decision of *Henry v. A. B. Dick Co.* The case was argued October 27, 1911, and decided March 11, 1912. Mr. Justice Harlan died October 14, 1911, and the commission of his successor, Mr. Justice Pitney, was not recorded until March 13, 1912. For some reason Mr. Justice Day did not hear the argument nor take part in the decision. The case was decided therefore by a majority of four to three. Mr. Justice Lurton wrote the majority opinion. With him concurred Justices Holmes, McKenna and Van Devanter. Chief Justice White wrote the dissenting opinion. With him concurred Justices Lamar and Hughes. The far-reaching importance of the decision would seem to suggest the propriety of adopting for such cases some canon similar to the one that a statute will not be declared unconstitutional except by a majority of the full bench. Had the Court postponed a decision until nine judges could have participated in it, the minority would have become the majority. In *Bauer v. O'Donnell*, decided May 26, 1913, 229 U. S. 1, 33 Sup. Ct. 616, Justices Day and Pitney voted with Justices White, Lamar and Hughes and against Justices McKenna, Holmes, Lurton and Van Devanter on the question of the validity of a patentee's attempt to limit the price at which patented articles might be sold at retail. While this case was distinguished from the Dick case, the problems involved in the two cases had important points in common, and the four judges who constituted the majority in the Dick case made up the minority in the Bauer case. All doubt as to the opinions of Justices Day and Pitney is removed by the fact that in the Picture Patents case they voted to overrule the Dick case. They with the Chief Justice and Justices Brandeis, Clarke and McReynolds constituted the majority in the Picture Patents case. Mr. Justice Holmes wrote the dissenting opinion which was concurred in by Justices McKenna and Van Devanter.

full bench now rejects. It therefore merits a more minute analysis than it receives in the opinion of Mr. Justice Clarke.

II.

The claim of the patentee may be stated as follows. The statute by its terms grants him the exclusive right to make, use and vend the invention. "Exclusive" is a term of prohibition. What the patent gives is the right to exclude others from making, using and vending the invention. This right of the patentee to exclude others from the *use* of the invention is not granted by the copyright statute to the owner of the copyright.¹¹ The patent statute therefore confers greater rights than does the copyright statute. The right to exclude others from *using* the invention is a right which is distinct from that to exclude them from making or vending it.¹²

The patentee's right to manufacture or to sell or use what he has manufactured is not the creature of the patent. If there were no patent statute he would have these rights under the law of the state with respect to any article not under the ban of state law. But his neighbor would have the same right to manufacture, sell and use similar articles. The patent statute cuts off this right of his neighbor and gives to the patentee the right to enforce these prohibitions against his neighbor. This right of the patentee to

¹¹The pertinent words of the copyright statute are as follows: "shall have the exclusive right: (a) To print, reprint, publish, copy, and vend the copyrighted work". 9 U. S. Comp. Stat. (1916) § 9517.

¹²In *Bobbs-Merrill Co. v. Straus* (1908) 210 U. S. 339, at p. 345, 28 Sup. Ct. 722, Mr. Justice Day, in an opinion from which there was no dissent, said:

"If we were to follow the course taken in the argument, and discuss the rights of a patentee, under letters patent, and then, by analogy, apply the conclusions to copyrights, we might greatly embarrass the consideration of a case under letters patent, when one of that character shall be presented to this court.

We may say in passing, disclaiming any intention to indicate our views as to what would be the rights of parties in circumstances similar to the present case under the patent laws, that there are differences between the patent and copyright statutes in the extent of the protection granted by them."

And in *Bauer v. O'Donnell*, *supra*, footnote 10, at pp. 13-14, the same justice said:

"It is apparent that the principal difference in the enactments lies in the presence of the word 'use' in the patent statute and its absence in the copyright statute. An inventor has not only the exclusive right to make and vend his invention or discovery, but he has the like right to use it, and when a case comes fairly within the grant of the right to use, that use should be protected by all means properly within the scope of the statute."

exclude others is a right antagonistic to, and superior to, rights normally accruing to owners of chattels under state law.

When the patentee sells a patented machine, he does not sell his right to exclude others from the use of the invention. The purchaser of the machine acquires no right to exclude others from the use of the invention. He acquires title to the machine. This title passes by the law which governs the sale of chattels, the law of the state. This law permits one who by purchase becomes owner of a machine to use it in any way not forbidden by that law. But such right of user is in conflict with the right of the patentee to exclude others from all use of the invention. Which right shall yield? Plainly, if the patentee sells a machine without reservation, he must be assumed to consent that the right to use the machine shall be governed by the law of the state, and that the machine is thereby freed from the monopoly of user granted by the patent. But if he stipulates that he is not, by the mere sale of the machine, parting with his rights under the patent law, he still retains those rights. The purchaser must then justify any use of the machine by showing that the patentee has relinquished some or all of his patent right to exclude others from using the patented invention.

When a purchaser cannot justify an infringing use by implication of consent of the patentee from the sale of the patented article, his only defense must be some express consent. If his only proof of such consent shows that the patentee did not consent to the particular use which he is making, he is using the article in violation of the patentee's right to exclude him from using it. He is, therefore, liable to a suit for infringement. One who knowingly aids him in such use is liable to a suit for contributory infringement.

The essence of the patentee's claim is that he has never parted with his right under the patent to exclude others from the use in question. It is not the case of a transfer or relinquishment of the patentee's right, with a promise in return from the transferee to refrain from certain uses of the patented article, but it is a case of the absence of a transfer or relinquishment of the patent right. The license restriction is not in form a promise from the purchaser of the article. He made no express promise other than the one to pay for the machine or to pay royalties for its use. He merely received a notice informing him that the article was patented and that the patentee in selling it relinquished none of his rights to

exclude the purchaser from using it, except the right to exclude from using it with the materials specified by the patentee.

This position is necessarily based on the assumption that the right to exclude from use given by the patent statute is not a single, indivisible right which must be retained *in toto* or parted with *in toto*. The patentee must maintain that the statute gives him a congeries of many separate and distinct rights, a composite, rather than a simple, right. He has a right to exclude others from using in Chicago, plus a right to exclude them from using in New York, plus separate and distinct rights to exclude from use in each of all the other territorial divisions of the country. He has a right to exclude from use on Mondays, plus a right to exclude on Tuesdays, *etc.*; a right to exclude from use for a year, plus a right to exclude for the succeeding year, *etc.* The patentee has a right to exclude others from use with supplies manufactured by the patentee, plus a right to exclude from use with supplies manufactured by a single named competitor of the patentee, *etc.* If what the patent law grants is a bundle of an indefinite number of separate rights to exclude from separate specific uses, and if the patentee may part with one of these rights and still retain the others, it would seem to follow that any specific right of user not permitted by the patentee remains under the protection of his monopoly.

The refusal of the patentee to permit some particular use may leave a situation of restraint of trade. But the same situation exists where the patentee retains his right to exclude others from all forms and manner of use. If the owner of a patent on a mechanism for feeding films parts with none of his rights to exclude others from using that mechanism, he then restrains all others from using the mechanism with any films whatever. If he chooses to use his mechanism only with films made by himself, there is no trade in films made by others to be used with his mechanism. The patentee then necessarily controls all the films that can be used with the machine. If one chooses to call this a monopoly over materials not covered by the patent, it is only a monopoly over the use of such materials with the patented mechanism. Since the materials cannot be used with the mechanism unless the mechanism be used with the materials, the complete monopoly over the use of the mechanism inevitably involves a monopoly over the use of materials with the mechanism. In this monopoly the patentee is protected if he relinquishes no part of his right to

exclude others from every use of the mechanism.¹³ If his right to exclude others is an aggregate of many separate rights, and he, by licensing only a particular use of the mechanism, parts with only one of his monopoly rights, he still retains the others. Those which he retains remain under the protection of the patent monopoly because they have not been parted with. He has not sought to create any new rights by private contract. He has merely refrained from parting with old rights created by the patent.

III.

Such is the patentee's claim stated most favorably to him. And the theory underlying the claim seems to have been supported by the majority opinion in *Henry v. A. B. Dick Co.*¹⁴ The facts of that case were substantially similar to those of the Picture Patents case. A patentee of a mimeograph sold a machine covered by the patent. The machine bore a plate stating that the machine was sold with the license restriction that it might be used only with the stencil paper, ink and other supplies made by the patentee. The Supreme Court sustained an injunction issued against the defendant restraining him from selling ink to the owner of the machine for use thereon. The majority opinion was written by Mr. Justice Lurton who had in 1896, when circuit judge, written the opinion in the so-called Button-Fastener case.¹⁵ This case in the circuit court of appeals is commonly regarded as the leading one in favor of the contention of the patentee. Eight years later, Judge (now Justice) Van Devanter sustained the same contention

¹³*Continental Paper Bag Co. v. Eastern Paper Bag Co.* (1908) 210 U. S. 405, 28 Sup. Ct. 748.

¹⁴ "Thus, there are several substantive rights, and each is the subject of subdivision, so that one person may be permitted to make, but neither to sell nor use the patented thing. To another may be conveyed the right to sell, but within a limited area, or for a particular use, while to another the patentee may grant only the right to make and use, or to use only for specific purposes." (224 U. S., at p. 46).

Earlier in the opinion it is said:

"If it be a license to use, it operates only as a right to use without being liable as an infringer. If a licensee be sued, he can escape liability to the patentee for the use of his invention by showing that the use is within his license. But if his use be one prohibited by the license, the latter is of no avail as a defense. * * * if the right of use be confined by specific restriction, the use not permitted is necessarily reserved to the patentee. If that reserved control of use of the machine be violated, the patent is thereby invaded." (224 U. S., at pp. 24-25).

¹⁵*Heaton-Peninsular Button-Fastener Co. v. Eureka Specialty Co.* (6 C. C. A. 1896) 77 Fed. 288.

in the circuit court of appeals case of *National Phonograph Co. v. Schlegel*.¹⁶

The majority opinion in the Dick case says that the precise question involved has never been decided by the Supreme Court. The minority opinion, however, insists that many adjudications of the Supreme Court "directly refute the existence of a supposed right of extension by contract of the patent laws"¹⁷ and are therefore in conflict with the doctrine laid down by the majority. An examination of the cases cited in support of this contention shows that they do not relate to restrictions on the use of patented articles. They are cases of conditional, rather than partial, exclusion. They involve obligations to do positive acts such as the payment of royalties¹⁸ or of an annuity,¹⁹ or an agreement to use one's best efforts to introduce the invention.²⁰ The cases established merely that

¹⁶(8 C. C. A. 1904) 128 Fed. 733.

¹⁷224 U. S., at p. 56.

¹⁸*Wilson v. Sandford* (1850) 51 U. S. 99; *Dale Tile Mfg. Co. v. Hyatt* (1888) 125 U. S. 46, 8 Sup. Ct. 756.

¹⁹*Hartshorn v. Day* (1856) 60 U. S. 211.

²⁰*Albright v. Teas* (1882) 106 U. S. 613, 1 Sup. Ct. 550. From several other opinions of the Supreme Court, Chief Justice White quotes excerpts on which he relies. That quoted from *Bloomer v. McQuewan* (1852) 55 U. S. 539, as Mr. Justice Lurton points out, was made with reference to a purchase of the patented article, subject to no specified limitation on the right of use. The case held that "a party who had purchased the right to use a planing machine during the period to which the patent was first limited, was entitled to continue to use it during the extension authorized" by a special act of Congress "unless there is something in the language of the law requiring a different construction." (55 U. S., at pp. 550-551). That this is not the law where the original conveyance from the patentee expressly stipulates that the rights acquired by the licensee are limited to the original term of the patent is the holding of the unanimous Court in *Mitchell v. Hawley* (1872) 83 U. S. 544.

Keeler v. Standard Folding Bed Co. (1895) 157 U. S. 659, 15 Sup. Ct. 738, on which the Chief Justice also relies, involved a restriction on the territory in which a licensee might sell. The Court held that such territorial restriction on the licensee did not bind a purchaser from the licensee and that such purchaser was free to resell wherever he chose. One having a license to sell, who complies with the terms of his license, passes an unqualified title to the article. Such a decision has no bearing on the question whether a licensee who has not complied with the terms of his license can be sued for infringement—which was the question in the Dick case.

In *Excelsior Wooden Pipe Co. v. Pacific Bridge Co.* (1902) 185 U. S. 282, 22 Sup. Ct. 681, the covenants of the licensee were (1) to pay a royalty; (2) not to transfer or assign the license without the consent of the patentee; and (3) that the license might be revoked for failure to manufacture. The suit was held to be one rising under the patent laws, but in a *dictum* the opinion stated that a suit for breach of any of the three conditions would not involve any question under the patent law. A suit for breach of the first or third condition would be one for failure to perform positive undertakings. The second condition, it is

when the patentee claims from a purchaser a duty to do something, his claim is founded in contract and not on the patent right. They have no bearing on the question whether the claim of a duty to refrain from doing something is based on the patent right to exclude the purchaser from the use which he is making. It is agreed that the patent confers on the patentee no right to compel others to act. It gives rights to restrain others from acting, and it was a right of this character which the patentee was seeking to enforce both in the Dick case and in the Picture Patents case. The dissenting opinion in the Dick case seems unhappy in its failure to recognize that the question presented had not previously been passed upon by the Supreme Court.

Though the precise question had not been previously passed upon by the Supreme Court, there were precedents in favor of the patentee's contention that his right to exclude others from use of the invention is not a single, indivisible right. In *Mitchel v. Hawley*²¹ the patentee through his licensee restricted the use of purchasers of machines to the original term of the patent. When the original term had expired and the patent had been renewed, previous purchasers of machines were restrained from continuing their use of the machines. The basis of the decision was that the machines had not been withdrawn "indefinitely from the operation

true, imposes a negative, not a positive, duty. But the duty could arise only after the patentee had parted with some of his patent rights by contract. For a suit to be one for infringement of a patent right, it must be one that might have been maintained had the patentee not parted with any of his patent rights. Conditions imposed on the enjoyment of the right to use in any way whatsoever are to be distinguished from restrictions on the kind of use permitted.

The passages quoted by the Chief Justice from the opinions in the Keeler and Wooden Pipe cases, abstracted from the situations to which they had reference, seem pertinent to the point for which they are cited. But the cases do not involve the question before the Court in the Dick case. They related to restrictions on the right to make or vend and not on the right to use. The infringement claimed in the Dick case and the Picture Patents case was not for unauthorized sale or manufacture but for unauthorized use. Whether an article has been released from the patentee's monopoly of sale presents questions entirely different from those involved in deciding whether it has been released from the patentee's monopoly of use. This distinction was pointed out in the cases cited in footnote 12, *supra*. Chief Justice White doubtless would not deny the distinction. It is, however, not important for him in the particular case, since he holds that restrictions on the use of materials with a patented machine are not restrictions on the use of the machine, and that, therefore, the question before the Court does not involve the patentee's monopoly of use. But, if this position were well taken, it would dispose of the case, since the patentee does not claim that his exclusive right to make or vend has been infringed.

²¹*Supra*, footnote 20.

of the franchise secured by the patent."²² This case establishes that the right of the patentee to exclude others from use may be relinquished for a term and retained for a succeeding term. *Rubber Co. v. Goodyear*²³ recognizes a similar division as to the place of use and the purpose of use. Chief Justice White in his dissenting opinion in the Dick case does not question these precedents. They involve, he says, a transfer by the patentee of only a part of his rights. The Dick case, he insists, involved a conveyance of all the rights covered by the patent. This of course was to assume the very point at issue.

We come to the nub of the controversy when we find Mr. Justice Lurton making a contrary assertion.

"The property right to a patented machine may pass to a purchaser with no right of use, or with only the right to use in a specified way, or at a specified place, or for a specified purpose.

* * * * *

there is no difference, in principle, between a sale subject to specific restrictions as to the time, place or purpose of use and restrictions requiring a use only with other things necessary to the use of the patented article purchased from the patentee. If the violation of the one kind is an infringement, the other is also."²⁴

This is reinforced by quotation from Judge Van Devanter's opinion in *National Phonograph Co. v. Schlegel*:

"to the extent that a sale is subject to any restriction upon the use or future sale the article has not been released from the monopoly, but is within its limits, and, as against all who have notice of the restriction, is subject to the control of whoever retains the monopoly. This results from the fact that the monopoly is a substantial property right conferred by law as an inducement or stimulus to useful invention and discovery, and that it rests with the owner to say what part of this property he will reserve to himself and what part he will transfer to others, and upon what terms he will make the transfer."²⁵

²²83 U. S., at p. 551.

²³(1869) 76 U. S. 788.

²⁴224 U. S., at pp. 24, 35-36.

²⁵224 U. S., at p. 39. Quoted from 128 Fed., at p. 735.

Reference is also made to the Paper Bag case,²⁶ which allows the patentee to restrain all others from any use whatever, even though the patentee did not use the invention himself. "This larger right", continues Mr. Justice Lurton, "embraces the lesser of permitting others to use upon such terms as the patentee chooses to prescribe."²⁷ In view of the other statements from the opinion, quoted above, it seems that what the learned justice means is that this larger right embraces the lesser of restraining others from use except upon such terms as the patentee chooses to prescribe. And this would mean that any use other than the one permitted by the license is a use not granted and so a use reserved by the patentee. The opinion clearly seems to stand for the proposition that the patentee's right to exclude others from using is an aggregate of separate rights to exclude others from using in particular ways or with particular materials, and that a license restriction on use is a retention of all rights to exclude the licensee from use, with the exception of the right to exclude from the particular use licensed.

From this it would seem to follow that it matters not to what extent the patentee restricts the use. Any use whatever beyond the one specifically permitted is one of the innumerable uses which the patent gives the patentee the right to exclude others from enjoying. There are, however, other portions of the opinion which cast doubt upon the inference that Mr. Justice Lurton means to assert that the right of the patentee to exclude from any use not licensed is absolute and unqualified. After saying that "If the use is one not permitted, it is plainly an infringing use", he continues:

"If then, we assume that the violation of restrictions upon the use of a machine made and sold by the patentee may be treated as infringement, we come to the question of the kind of limitation which may be lawfully imposed upon the purchaser.

* * * * *

Where, then, is the line between a lawful and an unlawful qualification upon the use? This is a question of statutory construction."²⁸

The learned justice here seems to pass from the notion that a license restriction is a refusal to relinquish the right to exclude from the uses not licensed, and to take up the notion that the

²⁶*Supra*, footnote 13.

²⁷224 U. S., at p. 35.

²⁸224 U. S., at p. 26.

restriction is a limitation on the purchaser in his exercise of rights received from the patentee.

This latter notion is inconsistent with the holding in the case that the cause of action arose under the patent law and not under the general law relating to contracts. For, unless the right claimed to be infringed is a part of the patent monopoly not relinquished by the patentee, it is not a right granted by the patent but is a right acquired by the patentee in some other manner. Whereas, if the right alleged to be infringed is a part of the patent monopoly not relinquished by the patentee, and the patentee may retain any part of the monopoly that he chooses, there remains no field for inquiry whether the retention of the part in question is lawful or unlawful. If the jurisdiction of the Court had not depended upon the holding that the action was for infringement of the patent right, it might have been legitimate to consider the question whether the "qualification upon the use" was lawful, considered as a qualification imposed by contract. The opinion might then have proceeded upon two distinct grounds. But as the case came before the Court, the inquiry entered upon seems illegitimate and logically opposed to the ground upon which jurisdiction was acquired and exercised.

In considering what "kind of limitation may be lawfully imposed upon the purchaser", the opinion first states that "the purchaser must have notice that he buys with only a qualified right of use".²⁹ This must refer to the purchaser of the machine. It means only that there must be a statement that the purchaser of the machine is not admitted to the unqualified right to use the machine, in order to rebut the implication which would otherwise be implied from its sale. This has nothing to do with the lawfulness of the "limitation". It applies merely to the method by which the patentee must indicate that a contract relating to the patented article is not a contract relating to the intangible right granted by the patent.

The only other limitation suggested by the opinion is equally inapposite. It is conceded that "there are limitations upon the right of vending and using a patented machine".³⁰ But the right to vend and the right to use the article do not arise from the patent law. What that law gives is the right to exclude others from vending and using. The reason given in the opinion why the particular restriction in question was reasonable and lawful is that the patent

²⁹224 U. S., at p. 26.

³⁰224 U. S., at p. 29.

statute contains no restraint upon the patentee's right to exclude others from use and that "Arguments based upon suggestions of public policy not recognized in the patent laws are not relevant."³¹ This is to reiterate that the restriction of use in question was a reservation of part of the monopoly granted by the patent. While the Court, then, will inquire whether the qualification imposed on the use is lawful, the answer will be in the affirmative if the restriction is a reservation of the monopoly granted by the patent. The only limitations that can be held unlawful are those which are not reservations of the patent monopoly. So, after all, we have but the single question whether the restriction was a reservation of the patent right or a collateral contract. And the answer to this depends upon whether the right of the patentee to exclude others from use is a divisible or indivisible one.³²

³¹224 U. S., at p. 35.

³²The writer of a note on the Dick case in 25 Harvard Law Rev. 641 takes the position that though it is established that "the patentee's rights to exclude are separable", nevertheless "the validity of the actual condition imposed is a distinct question". Continuing, the note says:

"The question here is, whether under the general law of restraint of trade the contracts, excluding competition in unpatented supplies, are illegal; not whether restrictions on the use of patented articles may be imposed. By no possible construction of the patent right to exclude others from the invention, can an illegal monopoly in ordinary commodities be justified. The principal case, then, is a holding that the monopoly in the unpatented articles was reasonable."

It may readily be agreed that under no construction of the patent right can an illegal monopoly in ordinary commodities be justified. But whether such monopoly is legal or illegal may depend upon a construction of the patent act. If under the construction adopted by the Court, the patentee's monopoly in question is a separable part of the monopoly granted by the patent act, then it is not illegal, because the question of its legality is to be tested by the patent act and not by the general law governing contracts. If, however, the patentee's monopoly in question is not a reservation of a part of his patent monopoly, then "the validity of the actual condition imposed" is dependent on the general law of restraint of trade and "is a distinct question". In deciding this distinct question, the Court may hold the condition reasonable and therefore not in restraint of trade. But even so, its breach is not an infringement of the patent right. Of course the federal courts have jurisdiction to determine whether under the patent act the license restriction in question is a reservation of a portion of the patent monopoly or a collateral contract. But they can grant the remedies for infringement only after first finding that the license restriction was a reservation of a portion of the patent monopoly. The question certified to the Supreme Court in the Dick case was: "Did the acts of the defendants constitute contributory infringement of the complainant's patents?" (224 U. S., at p. 12). That question the majority answered in the affirmative, thereby necessarily holding that the patentee had not parted with his patent right to exclude the purchaser of the mimeograph from using it with ink purchased from the defendants. For suggestions why an inquiry into the character and extent of the restraint of trade imposed by the license

IV.

There is no disagreement among the judges that the patent right to exclude others from use is divisible with respect to restrictions as to the time, place and purpose of use.³³ On what grounds, then, is it to be declared that the right is not equally divisible with respect to other restrictions on the use?

Both the Chief Justice and Mr. Justice Clarke avoid the necessity of meeting this issue when they insist that the license restrictions in question are not restrictions on the use of the machine, but on the use of materials with the machine. But may it not equally well be said that the restrictions which have been sustained as reservations of the patent right have been restrictions, not on the use of the machine, but on the time, place and purpose of using the machine? The patent is as silent with respect to the time and place at which, and the purpose for which, others may be excluded from use, as it is with respect to the materials with which others may be excluded from use. Both the dissenting opinion in the Dick case and the majority opinion in the Picture Patents case seem to assume that the restriction must necessarily be either (1) a restriction on the use of materials with the machine or (2) a restriction on the use of the machine with the materials, and that if it is one it cannot be the other.³⁴ In truth it cannot be one with-

restriction is material in deciding whether or not the restriction is a reservation of a part of the patent monopoly, see, *infra*, pp. 681-684.

License restrictions which are not reservations of a part of the patent monopoly may be held reasonable and therefore not in restraint of trade, although similar restrictions imposed in contracts relating to ordinary chattels may be held unlawful. *Bement v. National Harrow Co.* (1902) 186 U. S. 70, 22 Sup. Ct. 747, was an action brought in a state court for damages accruing from the violation of a price-fixing agreement connected with a license to manufacture and sell patented articles. The contracts related to interstate commerce, and the case was taken to the Supreme Court on the question whether the agreements violated the Sherman Law. It was held that they did not. The *Bement* case was distinguished and declared inapplicable to price-fixing agreements in respect to the sale of unpatented articles in *Dr. Miles Medical Co. v. Park & Sons Co.* (1911) 220 U. S. 373, at p. 401, 31 Sup. Ct. 376. For decisions holding that price restrictions on the resale of copyrighted or patented articles are not reservations of the statutory monopoly, see cases cited in footnote 12, *supra*, and *Straus v. Victor Talking Machine Co.* (1917) 243 U. S. 490, 37 Sup. Ct. 412. That the *Bement* case is not authority for a doctrine that no price-fixing agreement annexed to the sale of a patented article can be obnoxious to the Sherman Act is made clear in *Standard Sanitary Mfg. Co. v. United States* (1912) 226 U. S. 20, 33 Sup. Ct. 9. See *Grosvenor, Patent Rights and the Anti-Trust Laws*, 17 *Columbia Law Rev.* 208.

³³See, *supra*, pp. 670-671

³⁴This cannot be the position of Mr. Justice Day, although he concurred in the majority opinion in the *Picture Patents* case, for in his opinion in *Bauer v. O'Donnell*, *supra*, footnote 10, at p. 15, he said of the

out at the same time being the other also. The so-called monopoly which it is alleged the license restriction gives the patentee in articles not covered by the patent is only a monopoly in the use of those articles with the patented invention. And this he has because he has a monopoly in the use of the patented invention with those articles as well as with all other articles. If *A* is married to *B*, *B* is married to *A*. If *A* is granted a monopoly in the use of the patented invention with particular articles, he is inevitably granted a monopoly in the use of those particular articles with the patented invention. Otherwise, if the defendant, when sued for infringement, could show no license at all, he might defend by alleging that he was not using the patented machine but was merely using unpatented materials with the patented machine.

In support of his position, Mr. Justice Clarke says that "The grant is of the exclusive right to use the mechanism to produce the result with any appropriate material".³⁵ Previously he says that the "effect of his patent is to restrain others from * * * using".³⁶ He should therefore say that the grant is of the right to exclude others from using the mechanism "with any appropriate materials". It is then immaterial that "the materials with which the machine is operated are no part of the patented machine".³⁷ For the patentee has nevertheless the right to exclude others from using the machine with those appropriate materials, and this right he has not parted with, since by an explicit reservation he has rebutted any implication that by selling the machine he relinquishes his entire right to exclude the purchaser from its use.

Mr. Justice Clarke further lays down that "The difference is clear and vital between the exclusive right to use the machine which

Dick case: "It was under the right to use that the license notice in question was sustained, and it is obvious that the notice in that case dealt with the use of the machine and limited it to use only with the paper, ink and supplies of the manufacture of the patentee." Possibly Mr. Justice McReynolds takes the same position, for the statement of the reporter in the *Picture Patents* case is that "MR. JUSTICE McREYNOLDS concurs in the result." (243 U. S., at p. 519). If his disagreement with the opinion relates to the premise that a restriction on the use of materials with a machine is not a restriction on the use of the machine with the materials, then not more than four members of the Court favor the theory on which the opinion would lead us to infer that the case was decided. This affords some excuse for our quest for a theory which would be acceptable to all the members of the Court who agree that a restriction on the use of materials is not a reservation of a part of the monopoly granted by the patent.

³⁵243 U. S., at p. 512.

³⁶243 U. S., at p. 510.

³⁷243 U. S., at p. 512.

the law gives the inventor and the right to use it exclusively with prescribed materials to which such a license notice as we have here seeks to restrict it".³⁸ This comes near to being mere play upon words. This so-called "exclusive right to use the machine which the law gives the inventor" is the right to exclude others from the use of the machine. The right alleged by the patentee in the cases under consideration is the right to exclude others from the use of the machine except when such use is with designated materials. The case presents no question involving any right of the patentee to use the machine "exclusively with prescribed materials". Any so-called right of the purchaser of a patented machine "to use it exclusively with prescribed materials" is the right not to be excluded from using it with designated materials, which right the patentee does not contest. The right of the purchaser which the patentee does deny is the right not to be excluded from using it with undesignated materials, when the patentee has informed the purchaser that he, the patentee, relinquishes only his right to exclude the purchaser from use with the designated materials.

It is established that there is no "vital difference" between the right of the patentee to exclude others from the use of the machine and his right to exclude them from its use except at a designated time or place or for a designated purpose. The right to exclude from use at all times and places and for all purposes includes the rights to exclude from use except at designated times or places or for designated purposes. The latter rights are separate subdivisions of the former. The patentee by licensing only a use at a particular time or place or for a particular purpose relinquishes his separate right to exclude from that use without relinquishing his separate rights to exclude from other uses.

This doctrine, however, the *Picture Patents* case declines to apply to a license to use only with particular materials. It holds in effect that the patentee, when he seeks to license only a use with particular materials, does not relinquish a separate right to exclude from use with those materials, because his right to exclude from use with those materials is not separate from or severable from his right to exclude from use with all materials. He must exclude from use with all materials or with none, since his right to exclude from use with "any appropriate materials" is a single indivisible right of exclusion. From the law which governs the sale of chattels the purchaser of the machine acquires the right to

³⁸243 U. S., at p. 512.

use it with such materials as he may choose. The patentee has not sought to retain his patent right to exclude others from the use of that machine, for that right was a right to exclude them from use with all materials, and he has not sought to exclude the purchaser from use with all materials but only from use with particular materials. As Chief Justice White puts it, "every use which the patent protected was transferred * * * and the very existence of the particular restriction under consideration presupposes such right of complete enjoyment".³⁹

There is no logical flaw in holding that the patent right is a simple rather than a composite right and therefore confers on the patentee no authority to split his right of exclusion into many rights of partial or conditional exclusion. Though the patentee may exclude others from all uses, it does not follow that when he does not seek to exclude from all, he may exclude from some but not all. Partial exclusion is different from total exclusion because it has different consequences. Speaking mathematically, total exclusion is the sum of all possible partial exclusions, and the whole includes all its parts. But it does not follow that rights with respect to all of the parts collectively are rights with respect to any isolated part. Our problem is not one of mathematics. Because a state may exclude all women from the electorate,⁴⁰ it does not follow that it may admit those of one complexion and exclude those of another.⁴¹ Because a state may forbid all persons to peddle without a license, it does not follow that it may forbid those under seventy and permit those above that age, or forbid those who have not been soldiers or sailors and permit those who have.⁴² Because a patent gives the right to exclude others from all uses, it does not necessarily give the right to exclude from some but not all.

V.

These contending opinions of the judges have been efforts to find the meaning of the language granting "the exclusive right to use". But the language is silent on the particular problem which the judges have had to solve. It is clear that the right in issue is not that of the patentee to use. It is his right to be the only one to use, his right to exclude others from using. Had the statute, however, read that the patentee shall have the right to exclude others from

³⁹224 U. S., at p. 53.

⁴⁰*Minor v. Happersett* (1874) 88 U. S. 162.

⁴¹*Gwinn v. United States* (1915) 238 U. S. 347, 35 Sup. Ct. 926.

⁴²*Commonwealth v. Hanna* (1907) 195 Mass. 262, 81 N. E. 149.

using the patented invention, the problem would not have been simplified. The statute would still have been silent as to whether it meant to grant a single, indivisible right to exclude others from all uses, or a bundle of separate rights to exclude others from any particular use without necessarily excluding them from all uses. The Court has had to guess at the meaning of language which has more than one possible meaning.

But this much may be said. The statute certainly grants the patentee the right to exclude others from all use. Where the patentee contends that the defendant has no right to use at all, there is no dispute that he claims under his patent. Where, however, this is not the right in issue, the patentee who objects only to a particular use must, to base his complaint upon his patent right, insist that the right to exclude from some but not all use is embraced within the right to exclude from all use. Where he makes a claim under the statute which is not explicitly sanctioned by the language of the statute, he must establish it by inference from that language. Clearly the patentee cannot show that the right to exclude from some but not all use is a *necessary* inference from the right to exclude from all use. The most that he can show is that the inference for which he contends is a permissible and a reasonable one.

The inference is *permissible* because many rights of exclusion are bundles of separate rights. I may exclude you entirely from my land and I may admit you to cut trees but not to pick apples. The test of whether the inference is a *reasonable* one does not belong to the realm of mathematics or of formal logic. It is the test of consequences. If the results of a partial exclusion or of a number of partial exclusions disturb no interests or violate no policies that would not be disturbed or violated by total exclusion, then it is reasonable to regard a right of total exclusion as a composite of separate rights of partial exclusion. On this ground we may sustain the patent cases which have allowed patentees to treat their rights to exclude others from use of patented articles as separate rights with respect to time, place and purpose of use. The results of an exclusion from use which is limited as to time, place or purpose are seldom likely to violate any policy that is not violated by total exclusion from use. Cases sanctioning such partial exclusions as reservations of a portion of the patent right do not permit the patentee to extend his monopoly to other articles than the one covered by his patent. The restraint of trade which they render possible is less than that which would result from total exclusion.

The judges who have proceeded on the theory that the designation by the patentee of a single use which alone was licensed is a reservation by the patentee of his separate rights to exclude from all other uses seem to have recognized that there were limitations upon the divisibility of the right of total exclusion into separate rights of partial exclusion. The fact that Mr. Justice Lurton in the majority opinion in the Dick case thought it necessary to consider "the question of the kind of limitation which may lawfully be imposed upon the purchaser" has already been noted.⁴³ His recognition of qualifications upon the general rule he favors is still clearer from his earlier opinion in the Button-Fastener case in which he says:

"We are not at all prepared to say that there are no limitations upon a patentee's power of contract with reference to the use of his invention by others. The property right of a patentee is, after all, but a property right, and subject, as is all other property, to the general law of the land. We may also concede that contracts respecting the use of inventions and discoveries are, like all other contracts, subject to the limitations imposed by definite principles of public policy."⁴⁴

In illustration he refers with approval to cases⁴⁵ holding that a patentee who sells patented articles to a telephone company cannot withhold from the purchaser the right to use the articles in serving a telegraph company. Of these cases Judge Lurton says:

"The patentees were under no obligation to license the use of their inventions by any public telephone company. Having done so, however, they were not at liberty to place restraints upon such a public corporation which would disable it from the discharge of all the duties imposed upon companies engaged in the discharge of duties subject to regulation by law. It could not be a public telephone company, and could not exercise the franchise of a common carrier of messages, with such exceptions in the grant; the exception, being repugnant to the grant, was void; and the rights acquired under the grant were enforced against the grantor, without regard to the exception or condition. Neither the patentee, nor the machine

⁴³*Supra*, footnote 28.

⁴⁴*Supra*, footnote 15, at pp. 292-293.

⁴⁵*Missouri v. Bell Telephone Co.* (C. C. 1885) 23 Fed. 539; *State v. Delaware & A. Tel. & Tel. Co.* (C. C. 1891) 47 Fed. 633; *Delaware & A. Tel. & Tel. Co. v. State* (3 C. C. A. 1892) 50 Fed. 677.

involving his invention, nor a license for use, can be exempted from the liabilities and regulations which, in the public interest, attach to all persons and property under the general law of the land."⁴⁶

It will be observed that some of Judge Lurton's language seems to support the theory that the license restriction is a contract collateral to the relinquishment by the patentee of his right to exclude from all uses. If, however, this were the legal nature of the transaction, a forbidden use would be only a breach of contract and not an infringement of a reserved patent right. So that the only interpretation of the language consistent with the decision in the case is that it means that the patentee's right of exclusion is not susceptible of division into partial exclusions which have consequences that the patent law cannot reasonably be deemed to have intended to foster or sanction.

The dissenting opinion of Mr. Justice Holmes in the *Picture Patents* case has qualifications similar to those expressed by Mr. Justice Lurton. After stating that the patentee "for whatever motive * * * may keep his device wholly out of use", Mr. Justice Holmes says:

"So much being undisputed, I cannot understand why he may not keep it out of use unless the licensee, or, for the matter of that, the buyer, will use some unpatented thing in connection with it. Generally speaking the measure of a condition is the consequence of a breach, and if that consequence is one that the owner may impose unconditionally, he may impose it conditionally upon a certain event."⁴⁷

Then follows the qualification:

"No doubt this principle might be limited or excluded in cases where the condition tends to bring about a state of things that there is a predominant public interest to prevent."⁴⁸

From these observations it is tolerably clear that the controlling considerations in solving the problem of interpretation have been considerations of policy. The judges who have favored the patentee's contention have believed that it was consistent with the

⁴⁶*Supra*, footnote 15, at p. 293.

⁴⁷243 U. S., at p. 519.

⁴⁸243 U. S., at p. 520.

purposes of the patent law.⁴⁹ Those who have held that the suit of the patentee was not one for infringement have thought that the contrary holding sanctioned practices hostile to the statutory and common-law prohibitions against restraint of trade and not within the exceptions to those prohibitions which it was the object of the patent statute to establish.⁵⁰

⁴⁹Both Mr. Justice Lurton and Mr. Justice Holmes recall that it has been held to be consistent with the purpose of the patent law to permit the patentee to keep his invention wholly out of use, and make the point that in such case there would be no trade at all in materials to be used with the patented article. "But there is no predominant public interest", says Mr. Justice Holmes, "to prevent a patented tea pot or film feeder from being kept from the public. * * * Neither is there any such interest to prevent the purchase of the tea or films, that is made the condition of the use of the machine." (243 U. S., at p. 520). And Mr. Justice Lurton says that the market for the unpatented articles, which the patentee "takes to himself, was a market which he alone created by the making and selling of a new invention." (224 U. S., at p. 32). He implies that unless the public gains from the use of the invention more than it loses from complying with the terms of the patentee, "the patented article will not find a market". The inference is that the patentee can get by his license restrictions no more than the worth of his contribution to the public, and that it was the object of the patent law to secure to the patentee the worth of his contribution. "It must not be forgotten that we are dealing with a constitutional and statutory monopoly. An attack upon the rights under the patent because it secures a monopoly to make, to sell and to use, is an attack upon the whole patent system. We are not at liberty to say that the Constitution has unwisely provided for granting a monopolistic right to inventors, or that Congress has unwisely failed to impose limitations upon the inventor's exclusive right of use." (224 U. S., at p. 35).

⁵⁰Chief Justice White says that the ruling of the majority in the Dick case "in effect is that the patentee has the power, by contract, to extend his patent rights so as to bring within the claim of his patent things which are not embraced therein, thus virtually legislating by causing the patent laws to cover subjects to which without the exercise of the right of contract they could not reach, the result being not only to multiply monopolies at the will of an interested party, but also to destroy the jurisdiction of the state courts over subjects which from the beginning have been within their authority." (224 U. S., at p. 53). The operation of the device of license restrictions, he says, tends "to subject the whole of society to a widespread and irksome monopolistic control." (224 U. S., at p. 56). "My mind cannot shake off the dread of the vast extension of such practices which must come from the decision of the court now rendered. Who, I submit, can put a limit upon the extent of monopoly and wrongful restriction which will arise, especially if by such a power a contract which otherwise would be void as against public policy may be successfully maintained?" (224 U. S., at pp. 70-71).

Mr. Justice Clarke says that the enforcement of the license restrictions would give the patentee a monopoly in unpatented articles "thus in effect extending the power to the owner of the patent to fix the price to the public of the unpatented supplies as effectively as he may fix the price on the patented machine." (243 U. S., at p. 517). He refers to the statute of Congress passed since the decision of *Henry v. A. B. Dick Co.*, (see, footnote 51, *infra*) as confirming his conclusion. That conclusion, he says, "renders it unnecessary to make the application of this statute to

If, then, we seek an answer to the question whether the patentee's right of exclusion is divisible or indivisible by nature, we must say that this depends upon the consequences attendant on holding it one or the other. The nature of the right is not defined by the statute which creates it. Its nature must be discovered by reasoning about it. Reasoning which failed to take account of the practical consequences of positing one nature or another would be unmindful of the fact that the statute was designed, not as a text for abstract speculation, but as an instrument for regulating a zone of practical affairs. The objects of the patent statute were practical objects. Any wise endeavor to discover the nature of the rights created by the patent statute must therefore take account of practical considerations.

As soon as we face the problem in this way we discover that the practical considerations which apply to some transactions relating to the patent right do not apply to others. We cannot say therefore that the patent right has the same nature for all purposes. The situation here is not different from what it is in the physical sciences. The nature of any physical substance cannot be predicated apart from its adaptability to specific uses. And a substance may have as many natures as there are uses to which it may be put. Substances which have like natures for one use may have unlike natures for others. Fresh water quenches both fire and thirst. It has these two natures. For one of these purposes the nature of salt water is the same as that of fresh water; for the other purpose, its nature is quite different. So the patent right to exclude others from use of a patented invention may have different natures depending on the kind of use in question. It may be a unit with respect to some characteristics and an aggregate with respect to others. Thus the same judge may hold one license restriction on the use a reservation of a part of the patent right and regard another as an attempt to limit by collateral contract the enjoyment of a complete release from the monopoly.

Judges who have drawn the line in different places have agreed that some line had to be drawn. They have agreed that the right of the patentee to exclude others from use was divisible into some uses and incapable of division into others. They have differed on

the case at bar which the Circuit Court of Appeals made of it but it must be accepted by us as a most persuasive expression of the public policy of our country with respect to the question before us". (243 U. S., at pp. 517-518).

the question whether the result of holding the right divisible along the lines in issue would be consistent or inconsistent with the objects which the patent statute was passed to promote. This was a difference not to be resolved by any inexorable logic. The tool to be used was not the syllogism but a practical judgment about practical consequences. This goes far to explain the divergence of opinion among the judges. It is to be regretted that the opposing opinions have not marked more precisely the logical issue between them. But with the issue clearly drawn, there is ample room for disagreement as to which side of the line any particular case may fall. Yet such opportunity for disagreement might have been entirely foreclosed had the drafters of the patent statute foreseen the uses to which it might be put and stated definitely the legislative intention with respect to each particular use.⁵¹

⁵¹By the Clayton Act, 38 Stat. 730, passed in 1914, Congress declared it unlawful for persons engaged in interstate commerce to make a lease, sale, or contract for sale, of goods, merchandise, machinery *etc.*, *whether patented or unpatented*, on the condition or understanding that the lessee or purchaser shall not use the goods, machinery, supplies *etc.* of a competitor, where the effect "may be to substantially lessen competition or tend to create a monopoly in any line of commerce". This statute was passed as an amendment, not to the patent law, but to the anti-trust laws. The circuit court of appeals held the statute applicable to the principal case, since it appeared that by enforcement of the license restrictions in question the complainant would obtain an absolute monopoly of the film business. The constitutionality of the statute when applied to contracts made before its passage was sustained on the authority of cases holding that the Interstate Commerce Act and the Sherman Act were constitutionally applicable to contracts made before their passage. *Armour Packing Co. v. United States* (1908) 209 U. S. 56, 28 Sup. Ct. 428; *L. & N. R. R. v. Mottley* (1911) 219 U. S. 467, 31 Sup. Ct. 265; *P., B. & W. R. R. v. Schubert* (1912) 224 U. S. 603, 32 Sup. Ct. 589. But these decisions would be controlling only if the license restrictions in question were created merely by contract. If Congress took from the patentee a right previously secured to him by the patent statute, different questions would arise. In *Bloomer v. McQuewan*, *supra*, footnote 20, the question arose in an inverse form. Chief Justice Taney declared that a right which a purchaser from the patentee had acquired under the patent law as it then stood could not be taken from him by subsequent amendment of the patent statute. On page 553 of the opinion he said:

"The right to construct and use these planing machines, had been purchased and paid for without any limitation as to the time for which they were to be used. They were the property of the respondents. Their only value consists in their use. And a special act of Congress, passed afterwards, depriving the appellees of the right to use them, certainly could not be regarded as due process of law."

As Mr. Justice Clarke points out, by overruling the *Dick* case, the Supreme Court avoids the necessity of passing on the constitutionality of the Clayton Act. Mr. Justice Holmes, in his dissenting opinion, says: "I leave on one side the question of the effect of the Clayton Act, as the court has done". (243 U. S., at p. 521). But, if he dissented from the decision as well as from the opinion, he could not rightly avoid the question. It would certainly be going far to hold that Congress may

The primary purpose of this paper has been to analyze the logical problem presented by the language of the patent statute and the conflicting interpretations which have been put upon it. Lack of space forbids any detailed discussion of the various practical considerations which have been given weight by the judges.⁵² It seems clear that restrictions relating to the articles with which the

annul rights clearly granted by the patent statute. In *Choate v. Trapp* (1912) 224 U. S. 665, 32 Sup. Ct. 565, the Supreme Court held that Congress could not repeal a tax exemption, thus in effect declaring that the due process clause of the Fifth Amendment is equivalent to the clause prohibiting the states from impairing the obligation of contracts. It is hard to see why patent rights should not be as immune from legislative annulment as are tax exemptions and other franchises.

⁵²A word may be said with respect to the immateriality of two considerations which have been adduced. The apprehension of Chief Justice White that the "effect of that ruling" (in the *Dick* case) "is to destroy, in a very large measure, the judicial authority of the States by unwarrantedly extending the Federal judicial power" (224 U. S., at p. 49) ignores the fact that any such effect may easily be minimized or nullified by Congress. The jurisdiction of the federal courts over suits under the patent laws is made exclusive by statute, not by the Constitution. Moreover, Mr. Justice Lurton seems eminently wise in saying that the Court should not shirk the responsibility of finding the correct meaning of the patent statute by any reliance on considerations which are entirely apart from that law.

One of the points made by Mr. Justice Holmes relates not to the meaning of the patent act, but to the propriety of overruling the *Dick* case. He says that since the decision in the *Bement* case (cited, *supra*, footnote 32) the public has been encouraged by the Supreme Court to believe that the law is as it was laid down in the *Button-Fastener* case (cited *supra*, footnote 15) and that the rule he advocates "has become a rule of property that law and justice require to be retained." (243 U. S., at p. 520). That usually such a consideration is deserving of great weight is not to be denied. But there are several reasons why it should not be controlling in the present instance. The *Bement* case did not arise under the patent statute. It involved an interpretation of the Sherman Anti-Trust Law. Only six judges participated in the decision. Its scope was limited in the unanimous decision of the Court in the *Bathtub Trust* case. (*Standard Sanitary Mfg. Co. v. United States*, *supra*, footnote 32). The *Bathtub* case was decided only eight months after *Henry v. A. B. Dick Co.* *Henry v. A. B. Dick Co.* was decided by less than a majority of the full bench. See, *supra*, footnote 10. Clearly the Supreme Court had given no settled interpretation of the patent statute on which anyone could safely rely. Any lawyer with discernment would have advised patentees who sought to restrain trade in unpatented articles that they were taking great risks. The continued difference of opinion among the judges as to the proper interpretation of the patent act affords at least a large measure of justification for the legislative action taken in the Clayton Act. The Court would be going far to frustrate the policy clearly announced by Congress when the prior judicial declarations had been so confusingly divergent. These considerations bear also on the question whether it should be declared a denial of due process to apply the Clayton Act to license restrictions imposed before its passage. If the judicial overruling of previous decisions is consistent with due process, 17 Columbia Law Rev. 441, the legislature should be permitted to declare its intent as to the rights given by a prior statute when previous judicial interpretations of that intent had been as unsettled as they have been with respect to the meaning of the patent statute.

patented machine shall be used have practical consequences different from those attending restrictions on the time, place or purpose of use,⁵³ and that therefore the reversal of the Dick case does not impugn the authority of the earlier decisions sustaining the validity of restrictions on time, place and purpose of use. Even such restrictions, however, will be held invalid where they have consequences which the Court deems outside the pale of the protection intended by the patent statute, as in the cases where the patentee sought to prevent his licensee from performing his duty as a public service corporation to serve all without discrimination.⁵⁴

As an original proposition it would have been quite defensible to hold that the patentee's right to exclude others from use was a unit that must be retained or parted with *in toto*. Then all partial restrictions on the use would have to be created by collateral contract. Breach of such contract could not have been treated as an infringement of the patent, and the legality of the contract would be dependent on the general law governing contracts and not on the patent law. But the contrary doctrine was long ago established as to partial restrictions in respect to the time, place and purpose of use. This contrary doctrine was approved and applied by the majority opinion in the Dick case. Neither the minority opinion in that case nor the majority opinion in the Picture Patents case seems to have dealt adequately with the contention it rejects. Both Chief Justice White and Mr. Justice Clarke go so far as to hold that, however harmless the results, a restriction as to the use of articles with the patented machine can never be a reservation of a portion of the franchise granted by the patent. But this theory is based on the indefensible premise that a restriction on the use of materials with a machine is not a restriction on the use of the machine with the materials. Mr. Justice Clarke is so convinced that his interpretation is the "plain meaning of the statute" that he says: "It is so plain that to argue it would obscure it."⁵⁵ Those who have endured to the end in their reading of this article may doubt that the meaning is plain, and yet share the belief that "to argue it would obscure it".

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⁵³For the difference between the practical consequences of the license restrictions involved in the Picture Patents case and those involved in the Dick case, see the article by Mr. Grosvenor in 17 Columbia Law Rev. 208, at pp. 211, 221-223, 229.

⁵⁴See cases cited, *supra*, footnote 45.

⁵⁵243 U. S., at p. 513.